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TO RUEHC/SECSTATE WASHDC IMMEDIATE 7695
INFO RUEHBJ/AMEMBASSY BEIJING 3458
RUEHLM/AMEMBASSY COLOMBO 6798
RUEHKA/AMEMBASSY DHAKA 6815
RUEHIL/AMEMBASSY ISLAMABAD 9851
RUEHKT/AMEMBASSY KATHMANDU 7512
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RUEHKO/AMEMBASSY TOKYO 3716
RUEHCI/AMCONSUL CALCUTTA 5928
RUEHCG/AMCONSUL CHENNAI 5966
RUEHKP/AMCONSUL KARACHI 5217
RUEHLH/AMCONSUL LAHORE 2958
RUEHBI/AMCONSUL MUMBAI 5162
RUEHPW/AMCONSUL PESHAWAR 3599
RUEAIIA/CIA WASHDC
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RUEIDN/DNI WASHINGTON DC
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RHMFISS/HQ USCENTCOM MACDILL AFB FL
RUEHGV/USMISSION GENEVA 4376
RHHMUNA/HQ USPACOM HONOLULU HI
RHMFISS/HQ USSOCOM MACDILL AFB FL
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 005692

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TAGS: [PGOV](#) [ECON](#) [PREL](#) [PTER](#) [PINR](#) [IN](#) [PK](#)

SUBJECT: PM'S I-DAY SPEECH WARNS PAKISTAN, LAUNCHES 2007
ELECTION SEASON

Classified By: A/POLCOUNS Atul Keshap for reasons 1.4 (B,D)

¶1. (C) SUMMARY: Amidst suffocating security due to the very severe terror threat, PM Singh's annual Independence-day speech delivered from the ramparts of the Red Fort in Old Delhi largely ignored foreign relations and needed structural economic reforms to focus on populist domestic issues, primarily rural development, mass education, health care, and poverty alleviation. The rural focus was an opening salvo in his Congress Party's political showdown with its primary rival in Uttar Pradesh, the Samajwadi Party (SP,) prior to election in that crucial state in early 2007. The PM hoped that a heavily populist message would steal the political thunder from the SP in the state's heavily populated rural areas. PM Singh also issued a stern warning to Pakistan to halt cross-border terrorism, reflecting the shift in mood in India since the Mumbai terror attacks. END SUMMARY

Domestic Terrorism Denounced, Yet No Mention of GWOT

¶2. (U) Prime Minister Singh warned Pakistan that unless it takes concrete measures to stop cross-border terrorism, "(Indian) public opinion for the peace process will be undermined." Making no mention of the latest reports linking both the foiled airline-bombing plot in London and the Mumbai bombings to Pakistan-based terrorist organizations (and maybe Indian Muslim supporters), Singh made no effort to link Indian developments to the Global War on Terror, placing his remarks in a local, regional context.

¶3. (U) Singh denounced the July bombing attacks in Mumbai without ascribing blame. He also reminded the Naxalites that "power will never flow from the barrel of a gun - real power flows from the ballot," and that Indian security forces "will

respond appropriately" to any new Naxalite violence.

¶4. (U) Singh notably made no mention of the constant and steady violent attacks by J&K insurgents, instead choosing to trumpet "improvements," and conflict resolution, including the new transport connectivity between India and Pakistan-occupied Kashmir.

Singh Cribbing notes from both FDR and LBJ

¶5. (U) Ducking any real talk of much needed economic reform, rural relief and development dominated the PM's speech, in which he trumpeted no less than six separate rural programs. Echoing FDR, Singh called for a "New Deal for Rural India," and mimicked LBJ by announcing a "War on Poverty." Lamenting the trend of debt-ridden rural farmers committing suicide, the PM assured the nation that the UPA's aid programs would correct the problem, including the National Rural Employment Guarantee Act, short-term loans, waivers of interest on overdue loans, and the establishment of a cooperative banking system to provide more credit for farmers.

¶6. (U) Singh also emphasized that GOI programs would improve rural health and education, extend vocational education to the countryside and establish new medical and scientific institutes in rural areas.

Pre-Emptive Damage Control for Rising Energy Prices

¶7. (U) Singh cautioned that the rising cost of crude oil in
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the international markets would impact Indians, but took credit for keeping costs relatively low. However, he hinted that the GOI would not be able to subsidize LNG and kerosene much longer at current high levels.

Playing to the UP Voters

¶8. (C) COMMENT: Singh was every inch the populist paternal figure in his Independence day speech, promising solutions to the problems bedeviling the common man in the countryside, while avoiding hot-button foreign-policy issues. This confirmed once again that it is domestic issues that make or break Indian politics. Ignoring talk of needed (and painful) economic reforms, the PM pledged to implement a dizzying array of government programs to combat rural poverty in an effort to use the power of incumbency in New Delhi to influence upcoming political campaigns in the teeming political heartland of India. The first and biggest challenge will be in Uttar Pradesh (UP), where Singh and his Congress Party face a tough fight in the February 2007 elections against the well-entrenched and deeply-corrupt Samajwadi Party (SP). Knowing that it must do well in UP to extend its influence in other Hindi belt states, the Congress leadership has apparently determined that it must rely on a broad populist agenda to beat the SP at its own game.

Whacking Pakistan

¶9. (C) In addition, newspapers headlined Singh's tough crack at Pakistan, a rhetorical step the peace-seeking PM took in large part due to the enormous change in public sentiment following the Mumbai terror attacks. Singh clearly needed to be seen as being tough in public even as his government continues low-level engagement with Islamabad. END COMMENT.
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